Unofficial Copy R4 1998 Regular Session 8lr1440 CF 8lr1649

D. C. . . P.

By: Senator Jimeno

Introduced and read first time: February 6, 1998

Assigned to: Judicial Proceedings

A BILL ENTITLED

oncerning

- 2 Vehicle Laws Vehicle Franchise Agreements Manufacturer/Dealer Relations
- 4 FOR the purpose of defining "require" and redefining "coercion" as the terms apply to
- 5 certain provisions pertaining to the relationship between vehicle manufacturers,
- 6 distributors, or factory branches and vehicle dealers; prohibiting a
- 7 manufacturer, distributor, or factory branch from requiring a dealer to order or
- 8 accept delivery of vehicles or equipment, parts, or accessories for a vehicle, or
- 9 other commodities, that are not required by law, the dealer's franchise
- agreement, or that are not voluntarily ordered; modifying a certain provision
- relating to imposition of substantial financial hardship; providing for the
- 12 construction and effect of this Act; and generally relating to the regulation of
- vehicle dealer and manufacturer, distributor, and factory branch relations.
- 14 BY repealing and reenacting, with amendments,
- 15 Article Transportation
- 16 Section 15-207
- 17 Annotated Code of Maryland
- 18 (1992 Replacement Volume and 1997 Supplement)
- 19 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
- 20 MARYLAND, That the Laws of Maryland read as follows:
- 21 **Article Transportation**
- 22 15-207.
- 23 (a) (1) In this section[:] THE FOLLOWING WORDS HAVE THE MEANINGS
- 24 INDICATED.
- [(1)] (2) "Coerce" means to [compel or attempt to compel by threat of
- 26 harm, breach of contract, or other adverse consequences; and

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	INTIMIDAT OR THREA				ot mean to argue, urge, recommend, or persuade] EATEN OR TO ATTEMPT TO INTIMIDATE, PRESSURE,
6 7 8	DEALER IN MANUFAC	I A FRAN ΓURER, Ο ALL D	ION NOT NCHISE A DISTRIE DEALERS	Γ REQUI AGREEN BUTOR, S IN NEV	EANS TO IMPOSE OR ATTEMPT TO IMPOSE UPON A JURED BY LAW OR PREVIOUSLY AGREED TO BY A MENT, EXCLUDING BUSINESS DECISIONS BY A OR FACTORY BRANCH WHICH ARE UNIFORMLY W VEHICLES OF THE MANUFACTURER, NCH.
		iployee, o	or represe	ntative, 1	or, or factory branch, whether directly or through may not coerce any dealer to make any ributor, or factory branch.
15 16	order or accevehicle, or a	nployee, o ept delive ny other	or represe ery of any commodi	ntative, i vehicle, ty that is	or, or factory branch, whether directly or through may not coerce OR REQUIRE any dealer to any equipment, parts, or accessories for a s not required by law or by the dealer's nearly by the dealer.
20		nployee, o reement o	or represe or otherw	ntative, 1	or, or factory branch, whether directly or through may not require or coerce a dealer, by s a condition to the renewal or continuation of
22 23	the dealer ha	(1) as a franc			the use of the dealer's facilities a dealership for which outilize the facilities as of March 1, 1996; or
			e would i	mpose su	ge the dealer's facilities or method of conducting ubstantial financial hardship on the business of CRIBED IN THE FRANCHISE AGREEMENT.
29		rformanc	ployee, o	r represe	distributor, or factory branch, whether directly or entative, may not require or coerce a dealer to are not applied uniformly to other similarly
33	standard or j	that may program	y have a r by a man	naterial e ufacturer	standard or program for measuring dealership effect on a dealer and the application of the r, distributor, or factory branch shall be fair, curate information.
35 36	shown that:	(3)	(i)	If the pe	erformance standard is based on a survey, it must be
37				1.	The survey was designed with experts;
38				2.	The proper universe was examined;

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1		3.	A representative sample was chosen; and
2		4.	The data was accurately reported.
	(ii) the objectivity of the survey prosame line make covered by the	ocess and	nufacturer, distributor, or factory branch shall establish I provide this information to any dealer of the n request.

- 6 (f) A franchise agreement or other contract offered to a dealer by a
 7 manufacturer, distributor, or factory branch may not contain any provision requiring
 8 a dealer to pay the attorney's fees of the manufacturer, distributor, or factory branch
 9 related to disputes involving the franchise.
- Telated to disputes involving the franchise.
- 10 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall be
- 11 interpreted as superseding the construction and interpretation of § 15-207 of the
- 12 Transportation Article as set forth in the Memorandum and Order of the United
- 13 States District Court of Maryland dated December 2, 1996, in the case of Colonial
- 14 Dodge, Inc., et al. v. Chrysler Corporation (Civil Action No. CCB-95-592) and the
- 15 opinion of the Court of Special Appeals of Maryland in Antwerpen Dodge, Ltd., et al.
- 16 v. Herb Gordon Auto World, Inc., 117 Md. App. 290 (1997), and that § 15-207 of the
- 17 Transportation Article as enacted by this Act shall not be construed or interpreted in
- 18 accordance with the interpretations under these decisions.
- 19 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall be
- 20 construed to apply to any franchise agreement in effect on or entered into on or after
- 21 July 1, 1998.
- 22 SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect
- 23 July 1, 1998.